U1245-3

CIBCR

SERVICE SECTOR INDICATORS

Center for International Business Cycle Research
Columbia University Business School, New York, New York 10027 (212) 280-2916

Dr. Geoffrey H. Moore, Director

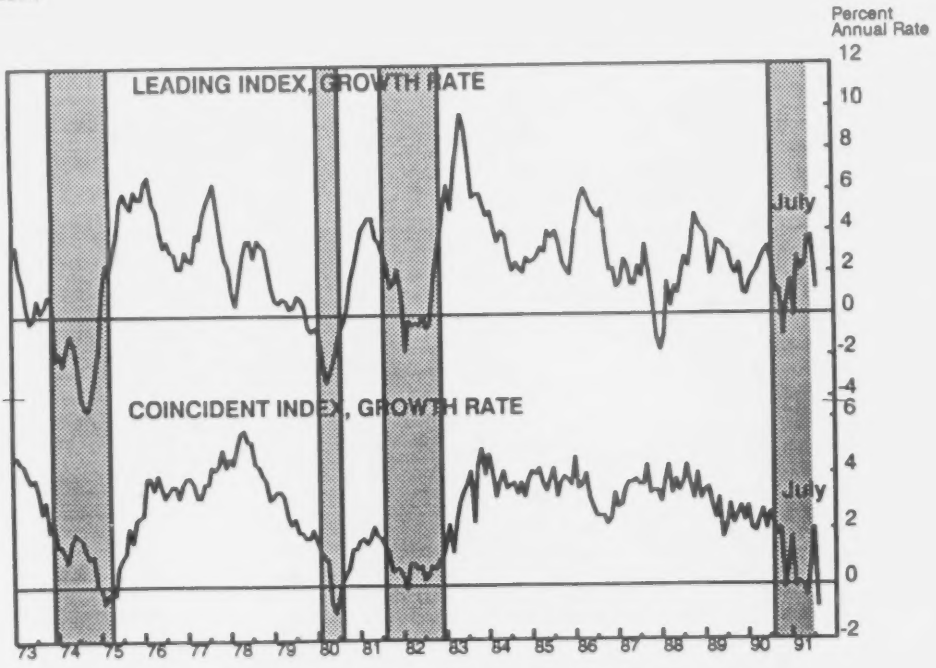
August 1991

SERVICES INDEXES STUMBLE

The Leading Index of Service Sector activity, compiled by Columbia Business School's Center for International Business Cycle Research (CIBCR), fell to 167.7 in July from 169.6 in June, pulling its smoothed annualized growth rate down from a revised 3.7 percent in June to 1.2 percent in July. The dip was caused entirely by a plunge in the average workweek for services to an all-time low, partly offset by rises in construction contracts for commercial buildings and stock prices in the service sector.

CIBCR's Coincident Index of Service Sector activity also fell to 191.6 in July from a revised 194.3 in June, pulling its smoothed annualized growth rate back into negative territory at -0.8 percent from a revised 2.0 percent in June. The decline was caused by drops in employee hours and labor income in services to two-year lows, along with a smaller drop in personal consumption expenditures in the service sector.

It is notable that the major weakness in services stems from employment-related measures and while this is clearly a matter of concern for the health of the nascent recovery, it does not by any means ring its death knell.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index* (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Profit Margins, Services (cents per dollar)
	1.	2.	3.	4.	5.	6.
1990:						
Jan.	163.6r	1.6	32.61	826	116.5	4.36
Feb.	164.1	1.9	32.72	758	112.1	4.44
Mar.	164.6	2.1	32.70	720	114.6	4.49
Apr.	165.4	2.6	32.77	737r	113.8	4.54
May	166.0	3.0	32.70	739r	117.3	4.59
June	166.5r	3.2r	32.74	673r	121.2	4.57
July	166.1	2.4	32.73	584	118.5	4.54
Aug.	165.1	1.0r	32.65	601r	106.0	4.51
Sept.	165.5	1.2	32.86	596r	100.1	4.45
Oct.	163.8	-1.0	32.44	584	98.0	4.39
Nov.	165.1	0.5	32.64	599	102.0	4.33
Dec.	166.3r	1.6r	32.84	470r	107.8	4.38r
1991:						
Jan.	165.1r	-0.1r	32.38	496r	106.2	4.44r
Feb.	167.7r	2.7r	32.60	526	118.4	4.49r
Mar.	167.5r	2.1r	32.56	445	120.4	n.a.
Apr.	167.9r	2.3r	32.34	567r	124.1	n.a.
May	169.3r	3.6r	32.66r	501r	122.5	n.a.
June	169.6r	3.7r	32.86r	363r	122.5	n.a.
July	167.7	1.2	32.31	419	122.9	n.a.

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index* (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1990:						
Jan.	190.1r	2.0r	1942.4	1318.8	693.4r	114.6
Feb.	190.3r	1.9r	1943.7	1323.2	694.4r	114.6
Mar.	191.0	2.3	1946.6	1330.5	698.0	114.9
Apr.	191.8	2.7r	1949.6	1336.9	702.1r	115.5
May	191.5	2.0	1952.5	1336.6	700.8	115.0
June	192.5r	2.6r	1957.4	1349.1	702.4r	115.8
July	192.5	2.2	1962.4	1347.7	701.7r	115.6
Aug.	192.4	1.8	1967.3	1351.5	699.7r	115.2
Sept.	193.0	2.0	1971.8	1353.2	700.5r	116.3
Oct.	191.1	-0.1r	1976.2	1351.3	683.7r	114.4
Nov.	192.0	0.6	1980.7	1353.1	690.3	115.2
Dec.	193.3r	1.7r	1984.8	1365.8	696.1r	116.0
1991:						
Jan.	191.7r	-0.1r	1988.9r	1360.8	685.1r	114.4
Feb.	192.0r	0.1	1993.0r	1361.1	684.8r	114.9
Mar.	192.1	0.0	1995.7r	1369.3	688.7	113.7
Apr.	191.7r	-0.4	1998.5r	1373.6r	684.6r	112.9
May	192.7r	0.5r	2001.2r	1375.6r	691.7r	114.0r
June	194.3r	2.0r	n.a.	1383.1r	699.7r	114.8r
July	191.6	-0.8	n.a.	1382.1	684.2	112.7

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.

r = revised.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.

4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adjusted by CIBCR.

5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.

6. This quarterly series is (1) corporate profits with inventory valuation and without capital consumption adjustments for transportation and public utilities, wholesale and retail trade, finance, insurance and real estate, and services, divided by (2) gross national product for services, both in currant dollars as compiled by the Department of Commerce. Quarterly data are interpolated by CIBCR.

9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.

11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.

12. Bureau of Labor Statistics, all employees.

*©1991 Center for International Business Cycle Research (CIBCR)